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ABSTRACT

This report describes the methods and presents the results of a study undertaken to analyze the distribution of benefits from state, federal, and local funding within the Texas Library System during the 1980 fiscal year. The background of the study is described and a list of definitions for terms and acronyms used in the report is provided. The methodology for analyzing funding sources is reviewed and the major sources of funding for Texas libraries--System Operation Grants, Interlibrary Loan Network contracts, and Major Resource Center (MRC) contributions--are described. The patterns found in the allocation of benefits among library systems throughout the state of Texas are discussed and some of the possible interpretations of the study's findings are summarized. Data are presented in five tables. Specific details for benefit allocation within each of the 10 major regions of Texas are given in the first appendix to the report, and a second appendix contains graphs plotting library benefits against the size of the regional populations served during the fiscal year 1980. (JL)

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BENEFIT ALLOCATION STUDY

of the

**TEXAS LIBRARY SYSTEM
FY 1980**

by

**Mitchell Gidseg
and
Edward Seidenberg**

**Texas State Library
Austin, Texas
October, 1981**

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EXECUTIVE SUMMARY

Purpose: The purpose of this study was to describe and analyze how the benefits of fiscal year 1980 funding were distributed within the Texas Library System. The study does not evaluate the issue of "fairness" in the distribution of benefits.

Methodology: Four sources of funds were examined to determine how much of the benefits were allocated to Major Resource Centers (MRCs) or to other system libraries:

- 1) the System Operation Grants
- 2) the Interlibrary Loan Network
- 3) the MRC Bibliographic Network
- 4) the In-kind Contributions by the MRCs to these programs.

Costs such as administration, indirect costs, service to unserved areas and audit were first subtracted from the total amounts available. The remainder was allocated to either the MRC or the system libraries based on the amount of use. Contributions by the MRC were allocated as a benefit to its system libraries.

Findings: The benefits to systems, MRCs and system libraries appear to be distributed as if using a formula very similar to that in the Library Systems Act (namely, 25% of the funds are divided equally and 75% are divided on a per capita basis).

When comparing the ten systems with each other, 19% of the benefits appear to be divided equally and 81% divided per capita; in 1980, this would mean that each system seemed to receive \$85,700 plus 29¢ per person served.

When comparing the MRCs with each other, 14% of the benefits seem to be shared equally and 86% divided per capita, or \$21,250 plus 24¢ per person served.

When comparing the system libraries in one region with those in the others, 27% of the benefits appear to be shared equally and 73% on a per capita basis, or \$81,400 plus 30¢ per person served.

There is no clear, simple way to describe accurately how the benefits in any one system were allocated between the MRC and the system libraries.

In general, there are two factors which seem to have the strongest influence on the allocation of benefits. The first and strongest factor is population size: since most of the benefits are distributed on a per capita basis, the larger the population, the more benefits received. The second factor, which exerts a lesser but noticeable influence, is the idea of dividing an amount of money equally among all participants: because these funds are held out of the pool of per capita funds, the smaller participants will receive a larger total per capita than will bigger participants.

The philosophical basis of the Library Systems Act seems to have been that all public libraries should benefit from state aid, but since smaller areas are probably weaker, they need the benefits a little more than larger areas. This philosophy is evident in the funding formula and in the way systems were organized, with the headquarters in the strongest library. Although there is no easy way to determine conclusively whether this philosophy is being followed, the overall pattern of benefit allocation found in this study certainly appears to indicate that it is.

INTRODUCTION

Purpose

The purpose of this study was to analyze how the benefits from state, federal and local funding were distributed within the Texas Library System in fiscal year 1980. The study was conducted at the request of the Library Systems Act Advisory Board to help them assess the structure and the results of the regional public library systems. The study was also requested by a number of Major Resource Center Directors and other system librarians.

This study was undertaken to describe:

- 1) the distribution of state and federal funds by the Texas State Library to the ten regional library systems;
- 2) the benefits which accrue to each of the systems;
- 3) the benefits which accrue to Major Resource Centers;
- 4) the benefits which accrue to other system member libraries; and
- 5) the in-kind contributions of staff, materials and services which are made by Major Resource Centers.

This study is not designed to evaluate issues such as "fairness," or "equity," in either the distribution of funds among systems or within individual systems. Because there are no universally accepted criteria for making such judgements, this study has taken a purely descriptive approach. It will remain up to the librarians and trustees of the state to evaluate the meaning of the results.

In order to conduct this study the State Library staff had to make certain assumptions and to rely upon reports prepared by many different sources. Although every effort has been made to state the assumptions and to credit other sources, some readers may simply disagree with the process. These readers are invited to question, to make suggestions or to recompute the study. Comments may be sent to the Library Development Division, Texas State Library, Austin, Texas 78711.

Plans are already under way to update this study using fiscal year 1981 data.

Background

The Texas Library System is divided into ten regional public library systems or Major Resource systems. Each system contains a large urban public library, called a Major Resource Center which serves as the headquarters for the system. Other public libraries within the geographical boundaries may apply for membership in the system.

Although membership in a major resource system is voluntary, it is based upon annually meeting the membership criteria specified in the "Rules and Regulations for the State Library System." As a result, within each system's boundaries, there are libraries which are members and libraries which are not members of the system. There are also areas which are not served by any public library. System membership has increased from 165 in 1971 to 247 in 1975 to 305 in 1982. Approximately 100 libraries were not system members in 1981.

Major resource systems were created by Texas law to provide state aid to public libraries and to alleviate, on a regional basis, problems created by an uneven distribution of resources and library services. The Library Systems Act states that the purpose of the state library system is for "organizing library resources and services for research, information and recreation to improve statewide library service and to serve collectively the entire population of the state" (VACS 5446a, Section 2(5)). The systems seek to accomplish this purpose by operating cooperative programs which provide cost-efficient services to the majority of libraries and specialized programs which address particular needs in some libraries. Nine systems also provide direct library services, by mail, to unserved communities.

The law designated Major Resource Centers as "the central library of a major resource system." By structuring them in this way, the systems were designed to be built on the strengths of the Major Resource Centers. With the Major Resource Centers serving as the administrative headquarters and as the provider of services, it was hoped that resources and public services could be better equalized throughout the region. The overall concept seemed to have been that the "strong" would help the "weak" so that all could make progress.

Funding for the major resource systems has increased from \$50,000 in 1971 to \$2.8 million in 1975 to \$5.5 million in 1982. Since FY 1971, the Texas State Library has granted approximately \$30 million in state and federal funds for regional library systems. In 1980, \$3.92 million was granted for the systems program.

In addition to the major resource system program, two other important programs are incorporated in this report:

The Interlibrary Loan Program is operated through the ten Major Resource Centers, but under a separate contract from the system program. This contract for services is negotiated annually by the Centers and the State Library. The aim of this program is to provide broad access to library materials for the patrons of any library in the state. When a person requests library materials which the local library doesn't own, the request is sent to the Major Resource Center which supplies the item if it is available or forwards the request to a library which does own it. In 1980, \$761,242 was granted to Major Resource Centers to fund the staff, supplies, and expenses of this service.

The Bibliographic Network Program was begun to assist the Major Resource Centers in cataloging their collection on the OCLC, Inc. data base. Each of the ten libraries receives an annual allotment of funds, in an account with the vendor, dependent on the number of computer terminals they own and the amount of cataloging they perform. In 1980, \$240,000 was spent on this Network.

Definitions

The following are the definitions of terms as used in this report.

Major Resource Center (MRC): a large public library designated as the headquarters and central library of a major resource system. The MRCs are the municipal libraries in the cities of: Abilene, Amarillo, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Lubbock and San Antonio.

Major Resource System: a network of libraries attached to a MRC for the purpose of providing cooperative services and operations within the defined boundaries. This term may be used interchangeably with the term "system." The systems, respective with the above MRCs, are: Big Country Library System, Texas Panhandle Library System, Central Texas Library System, South Texas Library System, Northeast Texas Library System, Texas Trans Pecos Library System, North Texas Library System, Houston Area Library System, West Texas Library System, and San Antonio Major Resource System.

• System Libraries: public libraries which have been accredited as system members, but are not designated a MRC. The term may be used interchangeably with the term "member libraries." It should be noted that Major Resource Centers are also members of the system, with the same basic rights and privileges of other members; the distinction between MRC and "system libraries" is used only to make this report more readable by avoiding the repititious use of more cumbersome phraseology.

• Non-Member Libraries: public libraries which were not accredited as system members. Although most of these libraries could not meet the accreditation criteria, a few simply chose not to join a system.

Unserved Areas: counties, or parts of counties, which are not served by any public library.

Benefits: This study attempted to determine the dollar value of services or materials resulting from the use of the Systems, Interlibrary Loan and Bibliographic Network Programs. The value of these services or materials was then assigned as a benefit to a MRC or its system libraries; in many cases, a formula based on the amount of use was used to assign partial benefits to both the MRC and the system libraries.

MRC Contributions: A concerted effort was made to recognize the amount of local money which was used by the MRCs in the administration and operation of the Systems and Interlibrary Loan Programs. These funds were not provided in cash, but were costs for space, utilities, collection depreciation, film purchases, staff, and equipment used in these programs but not reimbursed from the grants. These costs were considered as contributions, of benefit to system libraries. See the tables and footnotes in Appendix A for the details on each MRC's contributions.

• Population Served: During the process for system accreditation, the State Library must make a determination on how many people live in the service area of every public library, using Bureau of the Census data. This determination is based on which cities and/or counties fund each particular library. The population served for a system can be divided into three categories: those served by the MRC, those served by system libraries, and those served by non-member libraries; when these categories are added to the population of unserved areas, the result is the total population of the entire system.

• In the table below, the 1980 population served for each system is shown in Column A with the system's percentage of the entire population served for the whole state. Column B gives the population served of the MRC and its percentage of the population of that system. Column C shows the population served of the system libraries and their percentage of the population of that system.

It should be noted that the population shown for the San Antonio Area Major Resource System includes the population served by non-member libraries since they show no distinction between members and non-members in providing system services. Although other systems may have provided some direct services to non-member libraries, only San Antonio treated system libraries and non-members equally.

The reader should also note the order in which the systems are listed because this sequence will be used throughout the rest of the report.

TABLE 1.
FY 1980 Population Served

NAME	A SYSTEM (%)	B MRC (%)	C SYSTEM LIBRARIES (%)
a. Houston Area	3,654,106 (29%)	1,573,847 (43%)	2,090,259 (57%)
b. Northeast Texas	2,502,175 (20%)	901,549 (36%)	1,600,626 (64%)
c. San Antonio Area	1,341,585 (10%)	978,460 (73%)	363,125 (27%)
d. North Texas	1,189,322 (9%)	382,679 (32%)	806,643 (68%)
e. South Texas	1,156,358 (9%)	230,715 (20%)	925,643 (80%)
f. Central Texas	1,018,253 (8%)	343,813 (34%)	674,440 (64%)
g. West Texas	657,673 (5%)	211,156 (32%)	446,517 (68%)
h. Texas Trans Pecos	493,646 (4%)	425,122 (86%)	68,524 (14%)
i. Big Country	360,214 (3%)	111,344 (31%)	248,870 (69%)
j. Texas Panhandle	341,292 (3%)	154,752 (45%)	186,540 (55%)
STATE TOTALS	12,724,624(100%)	5,313,437 (42%)	7,411,187 (58%)

METHODOLOGY

This study sought to identify the amount of benefit from the entire Library Development Division budget which could be received by either MRCs or system libraries. Four sources of funds were analyzed in this study:

- 1) the System Operation Grants
- 2) the Interlibrary Loan Network Contracts
- 3) the MRC Bibliographic Network Project
- 4) the MRC contributions to the system and interlibrary loan programs

State fiscal year 1980 was used because, at that time, it was the most recent year for which complete data were available.

All population data in this report are based on the 1980 population served by the MRCs and system members. This data element was considered the most appropriate measure to use in this study. Although the quantities are different, the population served in 1980 is highly correlated with both the 1980 total population

figures and the 1976 population served figures. It should be noted that the system operation grants for 1980 were allocated on the basis of the 1976 census estimates.

At the beginning of the study, operational definitions and general procedures were developed to guide the study. Every attempt was made to break down the information into reasonably small categories to increase the reader's understanding of the process.

The Texas State Library staff contacted MRC directors and system coordinators to obtain their best estimates of the amount of money spent in each of the projects and the amount of use or benefit derived from each. Staff relied heavily on the data supplied in this manner. Although there was an increased possibility for variance and error, this self-reporting system was deemed to be the most convenient mechanism for data collection.

After a preliminary staff attempt to assign benefits, these breakdowns were sent to each MRC director and system coordinator for critical comments and suggestions. As a result, some operational definitions were modified to provide a more equitable overview of the economic situation.

Additional information regarding the methodology is organized under the four sources of funds and is detailed below.

System Operation Grants

In 1980, the \$3.92 million for systems was distributed according to the formula in the Library Systems Act. The law requires that 25% of the funds be divided equally to the systems and the remaining 75% be divided on a per capita basis. The population base for the per capita portion of the distribution in 1980 was the 1976 census estimate of the total population residing in the system boundaries.

In allocating the benefits between MRCs and system libraries, it is a regional political decision-making process which is used, not a fixed formula. Each year each MRC submits a detailed plan of service to the State Library for approval. The plan of service is developed with the advice and approval of the member libraries and the regional system advisory council. It is the plan of service which details the specific programs and services to be provided by the system. The benefits of these services were generally assigned to either the MRC or the system libraries, based on the amount of use. See the Appendix A tables and footnotes for details on the benefits assigned in each system.

Within the system operation grants, there are three types of expenditures which were not assigned as benefits: administrative expenses, indirect costs and books-by-mail to unserved counties. Administrative expenses to operate the system office were considered to be for the "common good" of all and thus not assigned as a benefit to either MRCs or system libraries. Indirect costs were viewed as reimbursement for expenses of the MRC and thus were not to anyone's benefit. Books-by-mail to unserved counties did not seem to benefit directly either the MRC or system libraries.

In assigning benefits, there was some imprecision which prohibits the figures from corresponding to the fiscal reality. There are two reasons for this imprecision: (1) estimates were used to determine the amount spent for administrative expenses and the other system programs, and (2) tentative budget figures were used for some

programs while final expenditures were used for other programs, especially film services. Because the imprecision was relatively slight, it was not believed to have a significant impact on the overall results. See Footnote 4 in Appendix A for the amounts in each system which were not assigned as benefits. The largest amount of imprecision was in the Texas Trans Pecos Library System where over \$20,000 could not be allocated as a benefit to either the MRC or the system libraries.

Table 5 shows the amount of benefits from system operation grants which were assigned to MRCs and system libraries.

Interlibrary Loan Contracts

Funding for the Interlibrary Loan Network is granted to each MRC on the basis of their annual costs to process an anticipated number of requests and transactions. The costs and the workload are negotiated annually by the MRCs and the State Library.

The total amount of benefits from the Interlibrary Loan grants was \$494,894. This was distributed between each MRC and system libraries in proportion to their amount of use as measured by the number of transactions. Thus, if the MRC's local patrons used 25% of the service, this proportion of the benefits was assigned to the MRC.

Of the total \$838,393, \$343,499 was not assigned as a benefit to either MRCs or system libraries. These included four categories of costs:

- 1) Indirect Costs (\$27,463): these were considered as a reimbursement for MRC expenses, and not a benefit;
- 2) Administrative expenses (\$34,900): these basic costs for operating the network were considered for the "common good" of all and thus not assigned to anyone's benefit;
- 3) Services by the Texas State Library (\$42,022): while some of these funds provided services to other types of libraries, the remaining funds provided beneficial services to MRCs and system libraries; these benefits could not be assigned because usage data was not available;
- 4) Services by Interlibrary Loan centers (\$239,114): as in the case above, data was not available to distinguish the services provided to MRCs, system libraries, or other types of libraries.

Thus, with over \$281,000 worth of services which cannot be assigned to MRCs or system libraries, the interlibrary loan benefits allocation is probably the weakest analysis in this report. If one assumes that the usage by the MRCs and the system libraries is in the same proportion as the identifiable usage, the end results of the study would not be significantly altered.

See the tables and Footnote 1 in Appendix A for the distribution of Interlibrary Loan benefits between MRCs and system libraries.

MRC Contributions

A determined effort was made to identify and recognize cash and in-kind support from the MRCs. These contributions included providing with their own funds:

- space for the system and Interlibrary Loan programs
- utilities for the program offices
- staff to assist with the programs
- staff to supervise the programs
- films and equipment used by the programs
- book collections used by the programs

Although space use, utilities and collection depreciation were considered in 1980 to be reimbursed as part of the indirect cost expenses, they have been identified as separate benefits here because of the recent policy change.

While some of these contributions were computed by the State Library staff, the others were specifically reported by the MRCs. It should be noted that there is a wide variance in the level of specificity which each MRC reports its contributions. It appears that the amount of specificity in reporting contributions does affect the final results; the one MRC which detailed the full extent of its contributions is the one which falls outside of the overall trend.

There was no effort to identify cash or in-kind contributions by the member libraries because these were either too small to be significant or would only be classified as a benefit to some of the other system libraries. System membership does incur some costs, however. There are forms to complete, meetings to attend, and increased library services which require more staff time and space. Because these costs are either administrative or of benefit to local patrons, their value was not computed.

FINDINGS

The purpose of this study was to describe the benefits received by systems, MRCs, and system libraries from the Texas Library System, Interlibrary Loan and Bibliographic Network Programs. Once the distribution of funds and the allocation of benefits was completed, the Texas State Library staff began to look for patterns.

If there were no patterns in the allocation of benefits, a case study methodology would have to be used to determine whether the funding allocation was appropriate to the needs of each system, each MRC and each region's system libraries. This was not the case. Clear patterns were found which hold true for all sources of funds despite the various ways in which the different sources are allocated.

Simply put, the pattern is this: the benefits to systems, MRCs, and system libraries appear to be divided up as if using a formula very similar to that in the Library Systems Act (that is, 25% of the funds are divided equally and 75% are divided on a per capita basis).

Patterns Among the Systems

When looking at the way all the benefits are allocated among the ten library systems the following formula best describes the pattern: 19% of the benefits are divided equally and 81% are divided on a per capita basis. In 1980, this meant that each system received about \$85,700 plus about 29¢ per person served.

Table 2 shows that systems with larger populations tend to receive more benefits on a dollar basis than the smaller systems. On a per capita basis, however, the systems with smaller populations generally receive more benefits. This effect is the result of the fact that some funds were shared equally and others allocated on the basis of population.

Graph 1 in Appendix B shows the relationship between the population served and the total benefits. This relationship has a correlation of .985 over 97% of the variance explained by the trend line. The graph shows the solid trend line (simple regression) as well as broken lines representing two standard errors of estimate on each side of the trend line ($\pm 98,300$). Because only the overall trend is shown by the line, we don't expect any system to fall exactly on the line. Therefore we must set some boundaries to determine which systems significantly vary from the trend. With two standard errors of estimate, we can expect 95% of the systems to fall within the broken lines if they are following the basic trend. Thus if any system falls outside this overall trend, we must examine it closely to try to identify why it doesn't follow the trend.

Only one system, the Northeast Texas Library System, falls just outside the area. The staff believes that this has occurred because this system provided much more detailed information regarding MRC contributions than did any other system; this extra amount of detail seems to be the main reason that NETLS did not fall closer to the trend.

TABLE 2.
Major Resource System Benefits From All Sources: FY 1980

MAJOR RESOURCE SYSTEMS	TOTAL BENEFITS FROM ALL SOURCES	
	Amount (\$)	Per Capita (¢)
Houston Area	\$1,092,838	29.8¢
Northeast Texas	926,483	37.0
San Antonio Area	430,583	32.1
North Texas	432,818	36.4
South Texas	388,407	33.6
Central Texas	391,248	38.4
West Texas	257,796	39.2
Texas Trans Pecos	190,730	38.6
Big Country	252,486	70.1
Texas Panhandle	179,291	52.5
STATE TOTALS	\$4,542,680	35.7¢

Allocation of Benefits Between the MRC and System Libraries

There is no clear pattern for the allocation of benefits between MRCs and their system libraries. Table 3 shows that there are large variations in both total dollar benefits and per capita benefits. The staff has looked at a number of factors, attempting to find a pattern, but could find no formula which could better describe the relationship, other than simply presenting the data below. This situation arises from the fact that there is no consistent relationship between the size of the population in the MRCs and its system libraries. In Table 1, Columns B and C, the percentage of each system's population served by the MRC ranges from 86% in the Texas Trans Pecos Library System to 20% in the South Texas Library System. Thus, without a clear relationship in population size, no strong pattern can be found for the allocation of benefits between the MRC and its system libraries.

There are, however, strong patterns which emerge when one compares the MRCs to each other and the system libraries to each other.

TABLE 3.
Total Benefits to MRCs and System Libraries: 1980

MAJOR RESOURCE SYSTEMS	TOTAL MRC BENEFITS			TOTAL SYSTEM LIBRARY BENEFITS		
	Population Size (Rank)	Amounts	Per Capita	Population Size (Rank)	Amounts	Per Capita
Houston Area	(1)	\$ 423,039	26.9¢	(1)	\$ 669,799	32.0¢
Northeast Texas	(3)	252,716	28.0	(2)	673,767	42.1
San Antonio Area	(2)	210,044	21.5	(7)	220,539	60.7
North Texas	(5)	115,568	30.2	(4)	317,250	39.3
South Texas	(7)	86,551	37.5	(3)	301,856	32.6
Central Texas	(6)	145,692	42.4	(5)	245,556	37.8
West Texas	(8)	67,671	32.0	(6)	190,125	42.6
Texas Trans Pecos	(4)	67,478	15.9	(10)	123,252	179.9
Big Country	(10)	70,249	63.1	(8)	182,237	73.2
Texas Panhandle	(9)	49,335	31.9	(9)	129,956	69.7
STATE TOTALS		\$1,488,343	28.0¢		\$3,054,337	41.2¢

Patterns Among MRCs

When looking at the way all the benefits are allocated among the ten Major Resource Centers, the following formula best describes the pattern: 14% of the benefits are divided equally and 86% are divided on a per capita basis. In 1980, this meant that each MRC received about \$21,250 plus 24¢ per person served.

Table 3 shows that MRCs with larger populations tend to receive more benefits on a dollar basis than the smaller systems. However, smaller MRCs will tend to receive more benefits on a per capita basis; the five small MRCs receive an average of 16.9¢ per capita more than the five larger MRCs.

Graph 2 in Appendix B shows the relationship between the population served and the total benefits for MRCs. This relationship has a correlation of .965 with over 93% of the variance explained. Only the Texas Trans Pecos Library System falls just outside the area of the broken lines (+ 47,300). The staff believes this may have occurred for a number of reasons:

- 1) the City of El Paso is so large in comparison to its system libraries' populations that this causes it to be slightly out of line with the benefits received by other MRCs of similar size;
- 2) over \$20,000 in benefits could not be assigned to either this MRC or its system libraries because of inadequate information for 1980 (see footnote 4 for Texas Trans Pecos Library System in Appendix A); it is likely that some of the unassigned benefits would have been allocated to the MRC, thus raising it to a position within the overall trend.

Patterns Among System Libraries

When looking at the way all the benefits are allocated among the ten regions of system libraries, the following formula best describes the pattern: 27% of the benefits are divided equally and 73% are divided on a per capita basis. In 1980, this meant that each region of system libraries received about \$81,400 plus 30¢ per person served.

Table 3 shows the same tendency seen before, namely, the larger the population the more dollars received but at an overall lower per capita rate. The five smaller regions of system libraries receive an average of 48.5¢ per capita more than the five large regions of system libraries.

Graph 3 in Appendix B shows the relationship between the population served and the total benefits for the regions of system libraries. This relationship has a correlation of over .97 with more than 94% of the variance explained. Only the Northeast Texas Library System again falls just outside the area of the broken lines ($\pm 90,975$). As previously explained, the staff believes that the higher level of specificity of information regarding MRC contributions caused these system libraries to be higher than the trend expected.

Findings Summary

- 1) Statewide, there is a 13.2¢ per capita difference in benefits received by MRCs and system libraries. On the average, MRCs receive 28¢ per capita and system libraries receive 41.2¢. However, the usefulness of these statewide averages is limited by two factors:
 - a) the per capita benefits received ranges across a broad field: the range for MRCs is from less than 16¢ to more than 63¢; for system libraries, the range is 32¢ to almost \$1.80;
 - b) there is no consistent relationship between the size of the MRC and the population served by its system libraries; thus, there are large MRCs in small systems, small system libraries in very large systems, and small MRCs in medium size systems.
- 2) Size of the population served appears to play a strong factor, but definitely not the only factor, in determining the benefits received:

- a) those with larger populations tend to receive more dollars of benefits than those with smaller populations;
 - b) those with smaller populations tend to receive more per capita than those with larger populations: smaller MRCs get an average of 16.9¢ per capita more than larger MRCs and smaller system libraries get an average of 48.5¢ more than their larger counterparts. In addition, the five small MRCs get an average of 4.6¢ more in per capita benefits than do the five large groups of system libraries.
- 3) There is no clear, simple way to estimate how the benefits in any one system are allocated between the MRC and the system libraries.
 - 4) When looking at how the total amount of benefits are divided among all the systems the following formula best describes the situation: 19% are divided equally; 81% are divided on per capita; or each system receives \$85,700 plus 29¢ per person served.
 - 5) When looking at how much of the benefits MRCs receive, the following formula best describes the situation: all the MRCs share 14% of the benefits equally, dividing 86% on a per capita basis; or \$21,250 plus 24¢ per person served.
 - 6) When looking at how much of the benefits each region's system libraries receive, the following formula best describes the situation: all the regions of system libraries share 27% of the benefits equally, dividing 73% on a per capita basis; or \$81,400 plus 30¢ per person served.

Findings Interpretations

This section will try to explain the "how" and "why" of the above findings. It is important to remember that the findings only describe a statistical interpretation of what occurred; they are convenient methods for summarizing the results of many separate and unconnected decisions made in the real world.

In general, there are two factors which have the strongest influence on the results. The first and strongest factor is population size: since most of the benefits are allocated on a per capita basis, the larger the population, the more benefits received. The second factor, which exerts a lesser but noticeable influence, is the idea of dividing a sum of money equally among all the participants: because these funds are held out of the pool of per capita funds, the smaller participants will receive a larger total per capita than will bigger participants.

This two-part method for distributing system funds is that which was passed into law and, since system funding provides most of the benefits (see Table 5), its influence is felt on the total allocation of benefits. Table 4 and the pie chart show that over 75% of the total benefits to all systems came from the regional library system program.

The philosophical basis of the Library Systems Act seems to have been that all public libraries should benefit from state aid, but since smaller areas are probably weaker, they need the benefits a little more than larger areas. Although there is no simple way to determine conclusively whether this has been done, or in

fact, how it should be done, the overall pattern of benefit allocation certainly appears to follow this philosophy.

Concluding Comments

This study has brought out a number of interesting aspects:

- 1) over 85% of the system operation grants go directly to MRCs and system libraries as benefits, and some of the remaining funds go to benefit areas without any library service; thus, Texas libraries can be proud of the fact that the systems program has minimized the use of these funds for administrative purposes, enabling the benefits to libraries and library users to be maximized;
- 2) approximately \$377,000 was reported by MRCs to have been contributed as in-kind or cash purchases of materials for use by System libraries; while some of these contributions of space, utilities and collection depreciation will be reimbursed by the system grant in future years, the generosity and support shown by MRCs should not be overlooked;
- 3) it was beyond the scope of this study to examine the benefits to and contributions of each public library; a crude attempt to do this is shown on the last line of the tables in Appendix A, "Benefits per library"; with a few exceptions which could be explained, the trend is that the larger the system, the more each library receives.

Acknowledgement

The Texas State Library staff would like to acknowledge the cooperative assistance of the Major Resource Center directors, the system coordinators, and the interlibrary loan staff who provided information and guidance in the preparation of this report.

TABLE 4.
Distribution of Benefits by Source of Funds

Source	Percent of Total Benefits
1. System Operation Grants (as distributed on a per capita basis)	57%
2. System Operation Grants (as distributed equally to the ten systems)	19%
3. Interlibrary Loan Project	11%
4. MRC Bibliographic Network	5%
5. MRC Contributions	8%

TABLE 5.
Benefit Allocation for Systems by Source

Name	System Operation Grants	Interlibrary Loan	MRC Bibliographic Network	MRC Contributions	TOTAL
HALS	842,671	109,603	42,243	98,321	1,092,838
NETLS	622,946	73,285	43,115	187,137	926,483
SAAMRS	346,341	61,058	13,200	9,984	430,583
NTLS	366,007	44,380	18,039	4,392	432,818
STLS	315,390	55,974	12,753	4,290	388,407
CTLS	289,034	69,186	27,034	5,994	391,248
WTLS	211,219	19,798	24,687	2,092	257,796
TTPLS	128,317	14,436	26,784	21,193	190,730
BCLS	178,399	24,056	16,545	33,486	252,486
TPLS	131,436	23,076	14,600	10,179	179,291
	\$3,431,760	\$494,852	\$239,000	\$377,068	\$4,542,680

A P P E N D I X A

-HOUSTON AREA-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$18,423 [17%]	\$ 91,180 [83%]	\$109,603
MRC Bibliographic Network Project ²	42,243	0	42,243
<u>System Operation Grants³</u>	362,373 [43%]	480,298 [57%]	842,671 ⁴
a. Consulting/CE	(2,358)	(51,553)	(53,911)
b. Collection Development	(190,000)	(189,605)	(379,605)
c. Film	(165,626)	(115,624)	(281,250)
d. Audiovisual	(-)	(-)	(-)
e. Public Relations	(4,389)	(11,611)	(16,000)
f. Books-by-Mail	(-)	(-)	(-)
g. Computer Access Network	(0)	(111,905)	(111,905)
<u>Contributions by the MRC⁵</u>	0	98,321	98,321
a. Computer Access Network		(75,018)	(75,018)
b. Film Purchases		(11,126)	(11,126)
c. Space (System)		(1,680)	(1,680)
d. Utilities (System)		(5,320)	(5,320)
e. Collection Development		(2,177)	(2,177)
f. Space (ILL)		(720)	(720)
g. Utilities (ILL)		(2,280)	(2,280)
TOTAL BENEFITS	\$ 423,039 [39%]	\$ 669,799 [61%]	\$1,092,838
POPULATION SERVED (1980)	1,573,847 [43%]	2,090,259 [57%]	3,664,106
PER CAPITA BENEFITS	26.9¢	32.0¢	29.8¢
NUMBER OF LIBRARIES	1	51	52
BENEFITS PER LIBRARY	\$ 423,039	\$ 13,133	\$ 21,016

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: The Houston Area Library System has two programs involving administration, consulting, and continuing education: the Central Support Program and the Consultation and Continuing Education Program. In the Central Support Program, 55% (\$42,670) was for general administration and was not assigned as a benefit. The remainder was spent for consulting and continuing education purposes; of this, 5% (\$1,208) was a benefit to the MRC because the coordinator attended the MRC Administrative Council meetings. The MRC also received \$1,150 in benefits from two workshops.
 - b. Collection Development: The materials budget was \$366,746. \$190,000 of this budget was devoted to the MRC and \$189,605 to System Libraries. Houston Public Library contributed funds for support, but these figures were not available.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - e. Public Relations: Approximately \$133 was provided for every member library and branches. With 33 units, the MRC benefit was \$4,389.
 - g. Computer Access Network: \$111,905 was budgeted for this program. All of these funds appear to have benefited the System Libraries.

4. The total SFY 1980 contract exceeded this amount by \$37,666, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Administration	\$44,671
Film	(10,000)
Public Relations	(13,000)
Books-by-Mail	4,000
Computer Access Network	11,995

\$37,666 All funds accounted for

5. Contributions by the MRC were allocated as benefits to System Libraries.

- a. Computer Access Network Contribution: Houston Public Library contributed \$147,954 to the computer access network. Part of this money, however, paid for equipment and services used by HPL. It was assumed that the benefits derived from the equipment and services would be in proportion to the number of terminals which access the network. In 1980, 105 terminals had access to the network: 55 (52%) of these were owned by HPL; 50 (48%) of these were owned by System Libraries. Therefore, \$71,018 of HPL's contribution was a direct benefit to System Libraries. Other costs, such as staff, electrical work, janitorial maintenance, business and data processing services, were mentioned as contributions but the value of these items was not submitted by the MRC.

CAN Contributions:	Operating Expenses	\$71,018
	Space	960
	Utilities	3,040
		\$75,018

- b. Film Purchases: The proportion of film viewers from System Libraries, was multiplied by the amount spent by the MRC; this was assigned as a benefit to System Libraries.
- c-g. Space Use; Utilities; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-NORTHEAST TEXAS-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 14,611 [20%]	\$ 58,674 [80%]	\$ 73,285
MRC Bibliographic Network Project ²	43,115	0	43,115
<u>System Operation Grants³</u>	194,990 [31%]	427,956 [69%]	622,946 ⁴
a. Consulting/CE	(1,949)	(34,779)	(36,728)
b. Collection Development	(119,915)	(264,737)	(384,652)
c. Film	(71,398)	(18,935)	(90,333)
d. Audiovisual	(550)	(39,992)	(40,542)
e. Public Relations	(86)	(4,489)	(4,575)
f. Books-by-Mail	(1,092)	(17,820)	(18,912)
g. Resource Sharing	(0)	(47,204)	(47,204)
<u>Contributions by the MRC⁵</u>	0	187,137	187,137
a. Film Service		(163,386)	(163,386)
b. Administration & Supervision Staff		(3,313)	(3,313)
c. Support Services Staff		(8,157)	(8,157)
d. Staff (ILL)		(7,721)	(7,721)
e. Space (ILL)		(2,399)	(2,399)
f. Collection Depreciation		(2,161)	(2,161)
TOTAL BENEFITS	\$252,716 [27%]	\$ 673,767 [73%]	\$ 926,483
POPULATION SERVED (1980)	901,549 [36%]	1,600,626 [64%]	2,502,175
PER CAPITA BENEFITS	28.0¢	42.1¢	37.0¢
NUMBER OF LIBRARIES	1	52	53
BENEFITS PER LIBRARY	\$ 252,716	\$ 12,957	\$ 17,481

FOOTNOTES

1. Interlibrary Loan Contract: The allocation benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area Libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: Excluding indirect costs, 50% (\$24,023) of the consulting and administration budget was spent on consulting. Of this, 6% (\$1,441) was devoted to the MRC and 94% (\$22,582) was devoted to System Libraries. In addition, the MRC used about 4% (\$508) of the continuing education budget, and System Libraries used about 96% (\$12,197).
 - b. Collection Development: Support services for this program were allocated as a direct benefit for System Libraries.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - e. Public Relations: Each library received 1/53rd of the budget.
 - f. Books-by-Mail: 29,096 circulations divided by \$37,692 (excluding indirect) = \$1.30 per circulation. There were 840 circulations to MRC residents for \$1,092 and 13,708 circulations to system library residents for \$17,820.

4. The total SFY 1980 contract exceeded this amount by \$71,581, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$33,073
Administration	24,023
Film Program	(4,295)
Books-by-Mail	18,780

\$71,581 All funds accounted for

5. Contributions by the MRC were allocated as benefits to System Libraries.

- a. Film Service: The Dallas Public Library submitted information on its expenditures in the Film Program. Except for recomputing depreciation on the basis of 15 years rather than 10 years, the data was used as provided. Since System Libraries used 20.96% of the services, this percentage of the DPL budget was allocated as a benefit to System Libraries.

1980 Film Purchases	\$159,761
Depreciation - Films	74,075
Depreciation - Equipment & Furniture	2,211
Print Materials (includes retrospective journals)	13,183
Memberships	385
Supplies	17,442
Equipment Maintenance	330
Cataloging	1,100

\$268,487 x .2096 = \$56,279

Salaries (11,613 hours)	107,107
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TOTAL DPL CONTRIBUTION	\$163,386
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- b. Administration & Supervision: The Dallas Public Library supplied data on the amount and value of time spent administering and supervising grant staff: \$3,313 for 162 hours.
- c. Support Services: The Dallas Public Library supplies data on the amount and value of time spent on support services by DPL staff: \$8,157 for 1,126 hours.
- d. Staff (Interlibrary Loan): The Dallas Public Library supplied data on the amount and value of time spent by DPL employees on the interlibrary loan services: \$3,668 for 606 hours of clerical time and \$4,053 for 393 hours of professional time for searching branch collections.

e-f. Space Use; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-SAN ANTONIO AREA-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 11,345 [19%]	\$ 49,713 [81%]	\$ 61,058
MRC Bibliographic Network Project ²	13,200	0	13,200
<u>System Operation Grants³</u>	185,499 [54%]	160,842 [46%]	346,341 ⁴
a. Consulting/CE	(400)	(39,565)	(39,965)
b. Collection Development	(107,673)	(48,058)	(155,731)
c. Film	(0)	(50,711)	(50,711)
d. Audiovisual	(27,426)	(14,400)	(41,826)
e. Public Relations	(0)	(8,108)	(8,108)
f. Books-by-Mail	(-)	(-)	(-)
g. Retrospective Conversion	(50,000)	(0)	(50,000)
<u>Contributions by the MRC⁵</u>	0	9,984	9,984
a. Staff		(4,843)	(4,843)
b. Space (System)		(383)	(383)
c. Utilities (System)		(2,443)	(2,443)
d. Collection Depreciation		(1,483)	(1,483)
e. Space (ILL)		(113)	(113)
f. Utilities (ILL)		(719)	(719)
TOTAL BENEFITS	\$210,044 [49%]	\$220,539 [51%]	\$ 430,583
POPULATION SERVED (1980)	978,460 [73%]	363,125 [27%]	1,341,585
PER CAPITA BENEFITS	21.5¢	60.7¢	32.1¢
NUMBER OF LIBRARIES	1	23	24
BENEFITS PER LIBRARY	\$ 210,044	\$ 9,589	\$ 17,941

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: The San Antonio Major Resource System has two programs involving administration, consulting, and continuing education: Administrative Consultation and Continuing Education. In the Administrative Consultation program, 60% of the budget was for general administration and 40% (\$18,765) for consulting. Of these consulting funds the MRC received a benefit of 1% (\$188) from the newsletter. The MRC also received a benefit of 1% of the Continuing Education budget (\$21,200).
 - b. Collection Development: Support services (\$19,058) for this program were allocated as a direct benefit for System Libraries.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - d. Audio-Visual: The MRC received \$27,426 in benefits; System Libraries received \$14,400 in benefits. As a result of the contractual agreement between the San Antonio Public Library and the system, the San Antonio Public Library received the above money, which they applied to their operational costs. They did not, however, directly participate in the system audio-visual program.

- e. Public Relations: All items produced under this program were distributed or made available to System Libraries only. The MRC derived no benefits.
 - g. Retrospective Conversion: The catalog of the MRC is being converted to machine-readable format. All benefits were assigned to the MRC.
4. The total SFY 1980 contract exceeded this amount by \$39,785, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$11,367
Administration	28,148
Film	(4,885)
Books-by-Mail	5,155

\$39,785 All funds accounted for

5. Contributions by the MRC were allocated as benefits to System Libraries.
- a. Staff: The MRC has stated that it contributed a total of \$4,843 in staff time (2% of Library Director; 8% of Assistant Director; 2% of Accountant; 3.3% of Personnel Clerk).
 - b-f. Space Use; Utilities; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-NORTH TEXAS-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 8,499 [19%]	\$ 35,881 [81%]	\$ 44,380
MRC Bibliographic Network Project ²	18,039	0	18,039
<u>System Operation Grants³</u>	89,030 [24%]	276,977 [76%]	366,007 ⁴
a. Consulting/CE	(0)	(26,888)	(26,888)
b. Collection Development	(51,474)	(145,288)	(196,762)
c. Film	(33,965)	(85,935)	(119,900)
d. Audiovisual	(0)	(5,025)	(5,025)
e. Public Relations	(2,591)	(13,281)	(15,872)
f. Books-by-Mail	(1,000)	(560)	(1,560)
<u>Contributions by the MRC⁵</u>	0	4,392	4,392
a. Space (System)		(302)	(302)
b. Utilities (System)		(2,306)	(2,306)
c. Collection Depreciation		(797)	(797)
d. Space (ILL)		(382)	(382)
e. Utilities (ILL)		(605)	(605)
TOTAL BENEFITS	\$115,568 [27%]	\$317,250 [73%]	\$ 432,818
POPULATION SERVED (1980)	382,679 [32%]	806,643 [68%]	1,189,322
PER CAPITA BENEFITS	30.2¢	39.3¢	36.4¢
NUMBER OF LIBRARIES	1	37	38
BENEFITS PER LIBRARY	\$ 115,568	\$ 8,574	\$ 11,390

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: Excluding indirect costs, 60% of this budget was of benefit to System Libraries.
 - b. Collection Development: The materials budget was \$168,205. 27% of the materials budget was devoted to the MRC, and 73% was devoted to System Libraries. Support Services were also allocated in this proportion. In addition, \$3,770 for equipment was allocated to System Libraries.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - e. Public Relations: Each library received 1/49th of the budget. The MRC received 8/49ths (\$2,591) of the budget because it consists of the main library and seven branches.
 - f. Books-by-Mail: 25% of the books-by-mail budget was devoted to the MRC and 14% was devoted to System Libraries.

4. The total SFY 1980 contract exceeded this amount by \$21,416, which was not assigned as a benefit to the MRC or system libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$18,258
Administration	17,925
Film Program	(17,207)
Books-by-Mail	2,440

\$21,416 All funds accounted for

5. Contributions by the MRC were allocated as benefits to system libraries.

Space Use; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-SOUTH TEXAS-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$11,128 [20%]	\$ 44,846 [80%]	\$ 55,974
MRC Bibliographic Network Project ²	12,753	0	12,753
<u>System Operation Grants³</u>	62,670 [20%]	252,720 [80%]	315,390 ⁴
a. Consulting/CE	(1,781)	(19,596)	(21,377)
b. Collection Development	(5,434)	(43,513)	(48,947)
c. Film	(45,417)	(129,744)	(175,161)
d. Audiovisual	(-)	(-)	(-)
e. Public Relations	(2,288)	(20,588)	(22,876)
f. Books-by-Mail	(-)	(-)	(-)
g. Reference Back-Up	(7,750)	(39,279)	(47,029)
<u>Contributions by the MRC⁵</u>	0	4,290	4,290
a. Space (System)		(217)	(217)
b. Utilities (System)		(1,511)	(1,511)
c. Collection Depreciation		(437)	(437)
d. Space (ILL)		(267)	(267)
e. Utilities (ILL)		(1,858)	(1,858)
TOTAL BENEFITS	\$ 86,551 [22%]	\$301,856 [78%]	\$ 388,407
POPULATION SERVED (1980)	230,715 [20%]	925,643 [80%]	1,156,358
PER CAPITA BENEFITS	37.5¢	32.6¢	33.6¢
NUMBER OF LIBRARIES	1	20	21
BENEFITS PER LIBRARY	\$ 86,551	\$ 15,093	\$ 18,496

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: Excluding indirect costs, approximately 5% of this budget was of benefit to the MRC and 55% was of benefit to System Libraries.
 - b. Collection Development: Support services for this program were allocated as a direct benefit for System Libraries.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - e. Public Relations: Approximately 10% of this program was of benefit to the MRC and 90% to System Libraries.
 - g. Reference Back-Up: Approximately 16.5% of this program was of benefit to the MRC and 83.5% to System Libraries.

4. The total SFY 1980 contract exceeded this amount by \$46,287, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$17,222
Administration	14,252
Film Program	(8,537)
Books-by-Mail	23,350

\$46,287 All funds accounted for

5. Contributions by the MRC were allocated as benefits to System Libraries.

Space Use; Utilities; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-CENTRAL TEXAS-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 11,629 [17%]	\$ 57,557 [83%]	\$ 69,186
MRC Bibliographic Network Project ²	27,034	0	27,034
<u>System Operation Grants³</u>	107,029 [37%]	182,005 [63%]	289,034 ⁴
a. Consulting/CE	(2,690)	(22,955)	(25,645)
b. Collection Development	(88,741)	(123,000)	(211,741)
c. Film	(10,094)	(21,080)	(31,174)
d. Audiovisual	(0)	(0)	(0)
e. Public Relations	(5,504)	(11,696)	(17,200)
f. Books-by-Mail	(0)	(2,982)	(2,982)
g. Resource Sharing	(0)	(292)	(292)
<u>Contributions by the MRC⁵</u>	0	5,994	5,994
a. Space Use (System)		(690)	(690)
b. Utilities (System)		(3,030)	(3,030)
c. Collection Depreciation		(1,314)	(1,314)
d. Space Use (ILL)		(455)	(455)
e. Utilities (ILL)		(505)	(505)
TOTAL BENEFITS	\$145,692 [37%]	\$245,556 [63%]	\$ 391,248
POPULATION SERVED (1980)	343,813 [34%]	674,440 [64%]	1,018,253
PER CAPITA BENEFITS	42.4¢	37.8¢	38.4¢
NUMBER OF LIBRARIES	1	33	34
BENEFITS PER LIBRARY	\$ 145,692	\$ 7,441	\$ 11,507

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: Excluding indirect costs, approximately 35% of this budget was used for consulting, and the remaining 65% went for administration. Of the \$25,564, approximately \$2,690 was of benefit to the MRC, and the remainder was of benefit to System Libraries.
 - b. Collection Development: Support services for this program were allocated as a direct benefit for System Libraries.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - e. Public Relations: Approximately 32% of this program was of benefit to the MRC and 68% to System Libraries.
 - f. Books-by-Mail: Based on circulation figures, 10.8% of the circulation was to the homebound in system library communities. The remainder served non-member library and individuals in unserved counties.

4. The total SFY 1980 contract exceeded this amount by \$90,206, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$18,058
Administration	47,515
Books-by-Mail	24,633

\$90,206 All funds accounted for

5. Contributions by the MRC were allocated as benefits to System Libraries.

Space Use; Utilities; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-WEST TEXAS-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 5,644 [29%]	\$ 14,154 [71%]	\$ 19,798
MRC Bibliographic Network Project ²	24,687	0	24,687
<u>System Operation Grants³</u>	37,340 [18%]	173,879 [82%]	211,219 ⁴
a. Consulting/CE	(848)	(16,112)	(16,960)
b. Collection Development	(29,525)	(96,426)	(125,951)
c. Film	(5,810)	(43,076)	(48,886)
d. Audiovisual	(498)	(11,960)	(12,458)
e. Public Relations	(500)	(2,500)	(3,000)
f. Books-By-Mail	(-)	(-)	(-)
g. Young Adult Circuit	(159)	(3,805)	(3,964)
<u>Contributions by the MRC⁵</u>	0	2,092	2,092
a. Space (System)		(235)	(235)
b. Utilities (System)		(840)	(840)
c. Collection Depreciation		(387)	(387)
d. Space (ILL)		(105)	(105)
e. Utilities (ILL)		(525)	(525)
TOTAL BENEFITS	\$ 67,671 [26%]	\$190,125 [74%]	\$257,796
POPULATION SERVED (1980)	211,156 [32%]	446,517 [68%]	657,673
PER CAPITA BENEFITS	32.0	42.6¢	39.2¢
NUMBER OF LIBRARIES	1	24	25
BENEFITS PER LIBRARY	\$ 67,671	\$ 7,922	\$ 10,312

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: Excluding indirect costs, 65% of the administrative, consulting and continuing education budget was for administration, and 35% was for consulting and continuing education. Five percent (\$848) of the consulting and continuing education program was of benefit to the MRC.
 - b. Collection Development: Support services for this program were allocated as a direct benefit for System Libraries.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - d. Audio-Visual (Filmstrip): Four percent of the audio-visual program benefited the MRC while 96% of the program benefited System Libraries.
 - e. Public Relations: About 17% of this program was of benefit to the MRC while 83% was of benefit to System Libraries.
 - g. Young Adult Circuit: About 4% of this program was of benefit to the MRC while 96% was of benefit to System Libraries.

4. The total SFY 1980 contract exceeded this amount by \$35,390, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$ 6,013
Administration	31,454
Films	(2,767)
Books-by-Mail	690

\$35,390 All funds accounted for

5. Contributions by the MRC were allocated as benefits to system libraries.

Space Use; Utilities; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-TEXAS TRANS PECOS-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 8,149 [56%]	\$ 6,287 [44%]	\$ 14,436
MRC Bibliographic Network Project ²	26,784	0	26,784
<u>System Operation Grants³</u>	32,545 [25%]	95,772 [75%]	128,317 ⁴
a. Consulting/CE	(0)	(12,555)	(12,555)
b. Collection Development	(10,136)	(46,745)	(56,881)
c. Film	(18,509)	(2,382)	(20,891)
d. Audiovisual	(0)	(10,010)	(10,010)
e. Public Relations	(2,428)	(7,817)	(10,245)
f. Books-by-Mail	(1,472)	(16,263)	(17,735)
<u>Contributions by the MRC⁵</u>	0	21,193	21,193
a. Film Purchases		(9,087)	(9,087)
b. Collection Depreciation (System)		(1,529)	(1,529)
c. Staff		(9,432)	(9,432)
d. Space (System)		(169)	(169)
e. Collection Depreciation (ILL)		(491)	(491)
f. Utilities		(485)	(485)
TOTAL BENEFITS	\$ 67,478 [35%]	\$123,252 [65%]	\$190,730
POPULATION SERVED (1980)	425,122 [86%]	68,524 [14%]	493,646
PER CAPITA BENEFITS	15.9¢	\$1.80	38.6¢
NUMBER OF LIBRARIES	1	8	9
BENEFITS PER LIBRARY	\$ 67,478	\$ 15,407	\$ 21,192

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - b. Collection Development: The materials budget was \$36,905. 17.8% (\$6,580) of the materials budget was devoted to the MRC, and 82.2% (\$30,325) was devoted to System Libraries. Support Services were allocated in proportion to the materials budget: MRC - 17.8% (\$3,556) and System Libraries - 82.2% (\$16,420).
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - d. Audio-Visual: This program did not benefit the MRC; it benefited other System Libraries.
 - e. Public Relations: About 23.7% of this program was of benefit to the MRC while 76.3% was of benefit to System Libraries.
 - f. Books-by-Mail: About 8.3% of this program was of benefit to the MRC while 91.7% was of benefit to System Libraries.

4. The total SFY 1980 contract exceeded this amount by \$82,475, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$ 6,581
Administration	55,308
	\$61,889

A discrepancy of \$20,586 can not be assigned to either the MRC or system members as a benefit.

5. Contributions by the MRC were allocated as benefits to system libraries.
- a. Film Purchases: The proportion of film viewers from System Libraries, was multiplied by the amount spent by the MRC; this was assigned as a benefit to System Libraries.
 - b. Collection Depreciation (System): The El Paso Public Library submitted data that estimated 1% of its total circulation was from borrowings by System Libraries on a walk-in basis. The value of this circulation was computed by staff to be \$1,529.
 - c. Staff: The MRC requested that it be credited with \$9,432 for contributed staff time. No further information was provided.
 - d-f. Space Use; Utilities; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-BIG COUNTRY-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 4,128 [17%]	\$ 19,928 [83%]	\$ 24,056
MRC Bibliographic Network Project ²	16,545	0	16,545
<u>System Operation Grants³</u>	49,576 [23%]	128,823 [77%]	178,399 ⁴
a. Consulting/CE	(512)	(22,288)	(22,800)
b. Collection Development	(18,468)	(52,348)	(70,816)
c. Film	(9,381)	(18,853)	(28,234)
d. Audiovisual	(558)	(9,503)	(10,061)
e. Public Relations	(355)	(9,950)	(10,305)
f. Books-by-Mail	(4,818)	(3,212)	(8,030)
g. System Collection	(15,484)	(12,669)	(28,153)
<u>Contributions by the MRC⁵</u>	0	33,486	33,486
a. Film Purchases		(25,186)	(25,186)
b. Staff		(5,513)	(5,513)
c. Space Use (System)		(633)	(633)
d. Utilities (System)		(1,439)	(1,439)
e. Space Use (ILL)		(50)	(50)
f. Utilities (ILL)		(115)	(115)
g. Collection Depreciation		(550)	(550)
TOTAL BENEFITS	\$ 70,249 [28%]	\$182,237 [72%]	\$252,486
POPULATION SERVED (1980)	111,344 [31%]	248,870 [69%]	360,214
PER CAPITA BENEFITS	63.1¢	73.2¢	70.1¢
NUMBER OF LIBRARIES	1	17	18
BENEFITS PER LIBRARY	\$ 70,249	\$ 10,720	\$ 14,027

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: 40% of the coordinator's salary; 70% of the consultant's salary; all of the travel, phone, and postage; library school tuition; and workshops came to \$22,800. Approximately \$500 for library school reimbursement and \$12 from one MRC attendance at a workshop can be identified as MRC benefits.
 - b. Collection Development: The MRC received \$18,468 for materials (including \$900 as Direct Area Loan). System Libraries and non-member libraries received \$43,282 for materials (including \$2,000 as Direct Area Loans). The MRC provided all the support services for this program; therefore, \$9,066 was considered a direct benefit of system member and non-member libraries. The MRC also contributed the services of one-half a clerk-typist; this was treated as an in-kind contribution. (See footnote 5b.)
 - c. Film: The allocations were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - d. Audio-Visual: The MRC has a deposit filmstrip projector and basic set. Equipment and software are purchased through city purchasing and technical services respectively. The MRC is on a filmstrip circuit as are all member libraries. The MRC received 5.55% of the benefits and system members received 94.45% of the benefits.

- e. **Public Relations:** Statewide PR spots were played by Abilene's three TV stations. The MRC received its proportionate share of bookbags, bookmarks, brochures, Book Week and National Library Week materials. System Libraries received about double the materials that were sent to non-members. The MRC received 3.4% of the benefits; member libraries received 58.5% of the benefits; non-member libraries received 37.8% of the benefits. In this analysis, member library and non-member library benefits were combined as system library benefits.
 - f. **Books-by-Mail:** 58.5% of the books circulated in this program were to homebound residents of the MRC and System Libraries; 41.5% of the books circulated to residents in unserved counties. (Benefits for unserved counties were excluded from this study.) Of the books circulated to homebound residents, 60% were for residents of the MRC and 40% were for residents of system member libraries.
 - g. **System Collections:** On a circulation basis, the MRC received 55% of the benefits and system member and non-member libraries received 45%. The MRC also contributed 11.25% of a clerk-typist position. This was treated as an in-kind contribution. (See footnote 5b.)
4. The total SFY 1980 contract exceeded this amount by \$16,450, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$ 5,436
Administration	18,107
Collection Development	(6,881)
Public Relations	25
Books-by-Mail	5,694
System Collections	(2,250)
Film	(3,681)

\$16,450 All funds accounted for.

5. Contributions by the MRC were allocated as benefits to System Libraries.
- a. **Film Purchases:** The proportion of film viewers from System Libraries, was multiplied by the amount spent by the MRC; this was assigned as a benefit to System Libraries.
 - b. **Staff:** The MRC contributed \$4,500 worth of a clerk-typist's time for the Collection Development Program. The MRC also contributed \$1,013 worth of a clerk-typist's time for the System Collection Program.
 - c. **Space Use; Utilities; Collection Depreciation:** Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

-TEXAS PANHANDLE-

Allocation of Benefits: SFY 1980 Budgets

SOURCE	MRC BENEFITS	SYSTEM LIBRARY BENEFITS	TOTAL BENEFITS
Interlibrary Loan Contract ¹	\$ 7,072 [31%]	\$ 16,004 [69%]	\$ 23,076
MRC Bibliographic Network Project ²	14,600	0	14,600
<u>System Operation Grants³</u>	27,663 [21%]	103,773 [79%]	131,436 ⁴
a. Consulting/CE	(0)	(17,209)	(17,209)
b. Collection Development	(11,775)	(76,099)	(87,874)
c. Film	(14,456)	(6,928)	(21,384)
d. Audiovisual	(0)	(275)	(275)
e. Public Relations	(913)	(3,008)	(3,921)
f. Books-by-Mail	(0)	(0)	(0)
g. Reciprocal Borrowing	(519)	(254)	(773)
<u>Contributions by the MRC⁵</u>	0	10,179	10,179
a. Film Purchases		(7,237)	(7,237)
b. Space Use (System)		(665)	(665)
c. Utilities (System)		(1,343)	(1,343)
d. Collection Depreciation		(253)	(253)
e. Space Use (ILL)		(226)	(226)
f. Utilities (ILL)		(455)	(455)
TOTAL BENEFITS	\$ 49,335 [28%]	\$129,956 [72%]	\$179,291
POPULATION SERVED (1980)	154,752 [45%]	186,540 [55%]	341,292
PER CAPITA BENEFITS	31.9¢	69.7¢	52.5¢
NUMBER OF LIBRARIES	1	19	20
BENEFITS PER LIBRARY	\$ 49,335	\$ 6,840	\$ 8,965

FOOTNOTES

1. Interlibrary Loan Contract: The allocation of benefits was based on Interlibrary Loan transactions and requests.

MRC Benefit: The number of requests from MRC users was divided by the total number of transactions; this was multiplied by the total direct costs of the contract. Requests from other MRC's, TSL, academic, special and out of state libraries were excluded.

System Library Benefits: Requests from service area libraries were divided by the total transactions; this was multiplied by the total direct costs of the contract.

2. MRC Bibliographic Network Project: Except for the audit cost, the benefits of this project are assigned to the MRC based on the number of computer terminals and network usage. Although some MRCs have argued that the System Libraries receive some indirect benefits from this project, no bases for actually determining these benefits has been determined.
3. System Operation Grants: To the extent possible, costs for the overall administration of the systems were not assigned as benefits to either the MRC or System Libraries; they were considered necessary costs for the common good.
 - a. Consulting/CE: Excluding indirect costs, approximately 35% of this budget was used to provide consulting services to System Libraries, and the remaining 65% was used for administrative purposes.
 - b. Collection Development: Support services for this program were allocated as a benefit for System Libraries.
 - c. Film: The calculations for this item were based on viewer count for films, excluding 8mm. The MRC viewer count was divided by the total viewer count; this number was multiplied by the total film budget. System Libraries' viewer count was divided by the total viewer count; this number was multiplied by the total film budget.
 - e. Public Relations: Approximately 23% of this program was of benefit to the MRC and 77% to System Libraries.
 - f. Reciprocal Borrowing: Approximately 67% of this program was of benefit to the MRC and 33% to System Libraries.

4. The total SFY 1980 contract exceeded this amount by \$46,984, which was not assigned as a benefit to the MRC or System Libraries. The breakdown on these unassigned costs is as follows:

Indirect Costs	\$ 8,496
Administration	29,752
Books-by-Mail	8,736

\$46,984 All funds accounted for

5. Contributions by the MRC were allocated as benefits to system libraries.
- a. Film Purchases: The proportion of film viewers from System Libraries, was multiplied by the amount spent by the MRC; this was assigned as a benefit to System Libraries.
 - c. Space Use; Utilities; Collection Depreciation: Although in 1980 these were, by rule, considered to be reimbursed by the indirect cost allowances, they have been treated separately in this study; a recent rule change now recognizes them as direct costs. The figures used in this report are Texas State Library staff estimates of the value of these items; in a number of cases, these estimates are higher than what is permitted by the new rules. The differences were not considered significant enough to recalculate the entire report.

GRAPH 1 MAJOR RESOURCE SYSTEM BENEFITS BY POPULATION SERVED, FY 1980





